CHAPTER 206. PURCHASING, CONTRACTS AND SALES

206.16. Preference for local bidders or offerors.

Lansing-based businesses may be awarded a contract as the lowest responsive and responsible bidder under the circumstances specified herein.

(1) Definitions.

- (a) *City resident(s)* means an individual whose primary place of residence is within the corporate limits of the City of Lansing as evidenced by voter registration address, driver's license address or State identification address or affidavit form developed by the City Attorney.
- (b) *Good faith effort* means those demonstrable activities supported by documentation and results that verify the bidders attempts to reach the established goal.
- (c) *Implementing Department* means the City Department or Agency that has responsibility for oversight of a contract.
- (d) *Joint venture* means a co-operation between two or more corporate bodies for a particular project in which they share the responsibilities and profits associated with the project.
- (e) Lansing-based business means the physical and economic relationship to Lansing determined evidenced by a building or office physically located in the City and the payment of (1) City income taxes on the contractors net profits, and (2) City property taxes on a plant or office and equipment such as is ordinarily required for the performance of the contract bid.

Any business physically located in Lansing which operates under a City-authorized tax abatement or forgiveness program, or any other City-authorized tax credit program, is still considered a Lansing-based business for purposes of this Section.

- (f) *Subcontractor* means a person or company that assumes, by secondary contract, some or all of the obligations of an original contractor.
- (2) Purchases under \$15,000.00. Pursuant to Section 206.03, departments purchasing supplies, services procured under bid and construction items for less than \$15,000.00, which are not purchased by use of a procurement card must solicit at least one quote from a Lansing-based business unless no Lansing-based business providing the service, supply or construction item can be identified. The procuring department will document efforts to use Lansing-based businesses.
- (3) Preference for Lansing-based businesses on contracts over \$15,000.00 and under \$500,000.00. When sealed bids are received under Section 206.02 for purchases, supplies and construction contracts greater than \$15,000.00 and less than \$500,000.00, the following shall apply:
 - (a) The person or business submitting the lowest bid shall be deemed the lowest bidder. If, however, the lowest bidder is not a Lansing-based business, any Lansing-based business with a bid within a specified percentage of the lowest bid that has been deemed responsive and responsible under the purchasing ordinance shall be deemed the lowest bidder if it agrees to reduce its bid to match the bid of the lowest bidder.

The percentage difference shall be established by Council resolution and may be revised from time to time as Council deems appropriate.

(b) If a Lansing-based business refuses to reduce its bid to match the lowest bid, then the next lowest responsible Lansing-based business with a bid within the established

percentage of the lowest bid shall be given the opportunity to reduce its bid to match the bid of the lowest bidder. If the Lansing bidder agrees to reduce its bid to match the bid of the lowest non-Lansing bidder, it will be deemed the lowest bidder and awarded the contract.

- (c) If no responsive and responsible Lansing-based business within the established percentage of the lowest bid agrees to reduce its bid to that of the lowest bidder, then the contract shall be awarded to the person or business with the lowest, most responsive and responsible bid.
- (d) Except for construction contracts, no contract awarded pursuant to this Section shall be sublet in any manner that permits 50 percent or more of the dollar value of the contract to be performed by a subcontractor or subcontractors who do not meet the definition of Lansing-based.
- (e) Any Lansing-based business awarded a contract pursuant to this Section shall agree to make available to the City all records necessary to establish its eligibility and compliance with all City, State and local laws.
- (4) Affirmative measures for enhancing Lansing-based businesses.
 - (a) The City may eliminate bid, performance, and payment bonding requirements when it deems appropriate for Lansing-based businesses, except for contracts for construction, alterations or repairs exceeding \$30,000.00, subject to the requirements of MCL 129.201.
 - (b) The City may allow for joint ventures or other documented business arrangements to enable Lansing-based businesses to meet bonding requirements for contracts greater than \$15,000.00.

(Ord. No. 796, 3-6-89; Ord. No. 1093, § 1, 9-26-05)